

Message Text

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10

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-07 COME-00 TRSE-00 OMB-01 SAM-01 FEA-01

STR-04 /088 W

----- 001223

R 200607Z JUL 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3353

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY MUSCAT

AMEMBASSY PRAGUE

AMEMBASSY SEOUL

AMEMBASSY TEHRAN

AMEMBASSY BAGHDAD

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E.O. 11652: NA

TAGS: EGEN, EFIN, ETRD, PFOR, KU, UR, KN, CZ

SUBJ: KUWAIT-COMMUNIST COUNTRIES ECONOMIC DEVELOPEMENTS

REF: KUWAIT 2506 (NOTAL)

1. REFTEL WAS ONE OF SEVERAL RECENT CABLES FROM THIS EMBASSY
REPORTING ON INCREASING ECONOMIC INTERCOURSE BETWEEN KUWAIT AND
EASTERN EUROPEAN COUNTRIES. NEWLY ACQUIRED INFORMATION
SUGGESTS AT LEAST SOME COMMUNIST COUNTRIES EXHIBITING EAGERNESS
TO EXPAND THESE RELATIONS, AND IN SOME CASE COMMUNIST
GOVERNMENTS APPROACHING PRIVATE SECTOR IN AGGRESSIVE CAMPAIGN
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IMPROVE SALES OR OTHER ECONOMIC, COMMERICAL OR FINANCIAL

DEALING WITH KUWAITIS.

2. SOVIETS, AFTER PERSISTENT "SALES EFFORT", HAVE OBTAINED SMALL DEPOSIT FROM LOCAL BANK. GULF BANK WHICH COMPLETELY PRIVATE OWNED HAS LESS THAN \$1 MILLION ON DEPOSIT IN MOSCOW BANK IN THIRTY DAY ACCOUNT WHICH PROBABLY WILL BE ROLLED-OVER INDEFINITELY. BANK OFFICIAL TOLD EMBOFF SOVIETS ARE NOT RPT NOT PAYING COMPETITIVE INTEREST RATES, BUT APPARENTLY SOVIET AUTHORITIES ARE INSURING OR GUARANTEEING ACCOUNT IN SOME WAY. AS RESULT GULF BANK WHICH FAIRLY LIQUID WILLING EARN LESS INTEREST. ACCOUNT IS IN EURO CURRENCIES, NOT RUBLE AND NOT KUWAIT DINAR. GULF BANK OFFICIAL MENTIONED THAT SOVIETS HAVE GIVEN KUWAITIS VERY GOOD SERVICE WHENEVER ANY OF THEM ARE IN MOSCOW.

3. IN ADDITION TO SOVIETS, CZECHS ARE BEGINNING TO BE MORE AGGRESSIVE. WE HAVE BEEN TOLD CZECHS FEEL BADLY ABOUT BEING LEFT BEHIND OTHER EASTERN EUROPEAN STATES (REFTEL) WHO HAVE RECENTLY OBTAINED LARGE LOANS OR HAVE OTHERWISE ENTERED INTO IMPORTANT ECONOMIC ARRANGEMENTS WITH KUWAITIS. CZECHS ARE ARRANGING TO HAVE PROMINENT LOCAL BUSINESSMAN WITH EXCELLENT CONTACTS IN GOK AND AMONG ROYAL FAMILY MEMBERS VISIT PRAGUE IN AUGUST TO DISCUSS POSSIBLE BUSINESS DEALS.

4. ON OTHER SIDE OF WORLD NORTH KOREANS APPEAR TO HAVE AWAKENED TO RAPIDLY INCREASING ECONOMIC RELATIONS BETWEEN SOUTH KOREA AND KUWAIT. NORTH KOREAN FINANCE MINISTER LED ECONOMIC DELEGATION TO KUWAIT LAST WEEK. POSSIBLE JOINT VENTURES AND WAYS TO INCREASE TRADE WE DISCUSSED, ACCORDING TO PRESS.

5. GOK HAS BEEN DESCRIBED AS NEUTRAL REGARDING PRIVATE SECTOR DEALINGS WITH USSR AND OTHER COMMUNIST COUNTRIES. CZECHS, HOWEVER, HAVE ADMITTED THAT THEY AT DISADVANTAGE IN TRYING TO COMPETE WITH PRIVATE WESTERN AND JAPANESE COMPANIES WHERE OPEN COMPETITION EXISTS. NEVERTHELESS, EVIDENCE ACCUMULATING THAT EASTERN EUROPEAN AND OTHER COMMUNIST COUNTRIES VIGOROUSLY TRYING TO BREAK INTO LUCRATIVE KUWAITI MARKET. IF THEY HAVE INTERESTING BUSINESS OR INVESTMENT IDEAS TO PUT FORWARD KUWAITIS LIKELY TO LISTEN, BUT BURDEN WILL BE ON COMMUNISTS.
STOLTZFUS

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